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Message Text

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ACTION ARA-10

INFO OCT-01 EA-07 ISO-00 ARAE-00 SP-02 USIA-06 AID-05

EB-07 NSC-05 CIEP-01 TRSE-00 SS-15 STR-04 OMB-01

CEA-01 L-03 H-02 AGR-05 PRS-01 CIAE-00 COME-00 FRB-03

INR-07 NSAE-00 XMB-02 OPIC-03 LAB-04 SIL-01 AGRE-00

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---------- 123616
P R 151430Z SEP 76
FM AMEMBASSY BRASILIA
TO SECSTATE WASHDC PRIORITY 7820
INFO AMEMBASSY TOKYO PRIORITY
AMCONSUL RIO DE JANEIRO
AMCONSUL SAO PAULO

C O N F I D E N T I A L BRASILIA 7967

E.O. 11652: GDS
TAGS: EPAP, ETRD, BR
SUBJECT: ALLEGED U.S. PRESSURES ON JAPAN NOT TO BUY BRAZILIAN SOYBEANS, NOR TO AID BRAZILIAN AGRICULTURE

REF: (A) BRASILIA 3870, (B) TOKYO 6659, (C) FASTO 162, (D) TOFAS 222, (E) FASTO 165

1. SUMMARY. AGAIN GOB OFFICIALS ARE TELLING US OF U.S. "PRESSURES" ON JAPAN NOT TO BUY MORE BRAZILIAN SOYBEANS. ALSO, ONE OFFICIAL SAID THE U.S. HAD "CONCERNS" ABOUT A JAPANESE PROGRAM DESIGNED TO DEVELOP NEW AGRICULTURAL LAND IN BRAZIL. A NEWS STORY ON SEPT. 1 CLAIMED A USDA REPORT CITED THE "GREAT CONCERN" OF U.S. PRODUCERS ABOUT THE EVENTUAL COMPETITIVE IMPLICATIONS OF THE AID PROGRAM. IT SEEMS TO US THAT THERE IS A POTENTIAL FOR BRAZILIAN OFFICIAL AND PUBLIC MISINTERPRETATION OF U.S. POLICIES AND OBJECTIVES. REQUEST COMMENTS AND GUIDANCE. END SUMMARY.

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2. IN SEPARATE CONVERSATIONS RECENTLY, SPECIAL ASSISTANTS

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TO THE MINISTERS OF FOREIGN AFFAIRS AND AGRICULTURE HAVE CITED U.S. "DISFAVOR" AND "PRESSURES" AS AN OBSTACLE TO GREATER EXPORTS OF SOYBEANS TO JAPAN. (WASHINGTON AGENCIES WILL RECALL THAT SIMILAR ALLEGATIONS SURFACED HERE IN MAY) (REFS A,B).) ONE OF THE OFFICIALS ALSO CITED U.S. "CONCERNS" ABOUT A JAPANESE PROGRAM HERE DESIGNED TO DEVELOP NEW AGRICULTRAL LANDS ("CERRADOS").

3. ON SEPT. 1, BRAZIL'S LEADING BUSINESS AND FINANCIAL DAILY, "GAZETA MERCANTIL", SUMMARIZED A JOURNAL OF COMMERCE ARTICLE ABOUT A RECENT USDA REPORT COMMENTING ON JAPAN'S AGRICULTURAL PROGRAMS TO BRAZIL AND SEVERAL OTHER COUNTRIES. THE USDA REPORT, ACCORDING TO THE STORY, SAID:

"TO THE EXTENT THAT THESE PROGRAMS AFFECT NEGATIVELY THE U.S. SHARE OF JAPANESE FOOD IMPORTS, (THEY) ARE A GREAT CONCERN TO MANY U.S. PROCERS, WHICH DEPEND ON EXPORTS TO JAPAN TO MAINTAIN THE EFFICIENCIES OF LARGE SCALE PRODUCTION." THE "GAZETA MERCANTIL" STORY CONCLUDES THAT THIS REPORT "SEEMS TO CONFIRM THE CONCERN OF THE U.S. GOVERNMENT, AL-THOUGH OFFICIALLY IT HAS NEVER BEEN ADMITTED THAT AN EVEN-TUAL DIVERSIFICATION OF JAPAN'S SOUCES OF FOOD SUPPLIES CONFLICTS WITH AMERICAN INTERESTS."

4. COMMENT. WE BELIEVE THERE EXISTS A POTENTIAL FOR BRAZILIAN MISINTERPRETATION OF U.S. POLICIES AND OBJECTIVES. IF PRESIDENT GEISEL RETURNS FROM JAPAN WITHOUT PROPSECTS FOR ADDITIONAL SALES OF SOYBEANS TO JAPAN, TENDENTIOUS MISINTERPRETATIONS OF THE ABE-BUTZ AGREEMENT AND OTHER U.S.-JAPANESE AGRICULTURAL RELATIONSHIPS MIGHT WELL GAIN CURRENCY IN THE MEDIA. WE PROBABLY CANNOT COUNT ON THE GOB TO HELP DISCOURAGE SUCH INTERPRETATIONS IN THE PRESS.

5. WE HAVE NOTED TO THE SPECIAL ASSISTANTS BRAZIL'S FREIGHT DISADVANTAGE TO JAPAN, AND THE DIFFICULTY OF INTERBRAS (A STATE-OWNED TRADING COMPANY) IN FINDING ADDITIONAL SOYBEANS TO SELL TO JAPAN. THE CURRENT CROP IS COMMITTED, THUS ANY POSSIBLE GREATER SALES TO JAPAN WOULD HAVE TO COME FROM FUTURE CROPS (REFS D,E).

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6. REGARDING THE ALLEGATIONS OF U.S. "CONCERN" ABOUT JAPANESE COOPERATION IN AGRICULTURAL PROGRAMS, THERE ALSO EXISTS A POSSIBILITY OF MISINTERPRETATIONS, SUCH AS THE INFERENCE BY "GAZETA MERCANTIL." IN VIEW OF THE LANGUAGE OF THE USDA REPORT, SOME BRAZILIANS MIGHT INFER THAT THE USG HAD SOUGHT TO DISCOURAGE THE JAPANESE PROGRAM IN ORDER TO PROTECT U.S. EXPORTS.

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7. ACTION REQUESTED. THE EMBASSY WOULD APPRECIATE ANY FURTHER CLARIFICATIONS ON THE SOYBEAN AND JAPANESE-BRAZILIAN AGRICULTURAL COOPERATION ISSUES WE CAN MAKE TO GOB OFFICIALS, OR TO THE PRESS IF NECESSARY. PARTICULARLY, WE WOULD APPRECIATE GUIDANCE ON WHETHER THE VIEWS OF U.S. PRODUCERS CITED IN THE USDA REPORT QUOTED IN THE "GAZETA MERCANTIL" REFLECT OFFICIAL USG VIEWS; AND, IF SO, HOW THESE RELATE TO OVERALL U.S. POLICY ON WORLD FOOD PRODUCTION AND U.S. EMPHASIS ON EXPANSION OF AGRICULTURAL PRODUCTION IN LDC'S. EMBASSY APPRECIATES REF C, AND REQUESTS ALSO A COPY OF THE ABE-BUTZ AGREEMENT. PLEASE SEND IT BY TELEGRAM.
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